

THE SECRETARY OF DEFENSE

WASHINGTON, D. C. 20301

Executive Registry STAT

Approved For Release 2004/05/05 : CIA-RDP80M00165A001900010017-6

517-9669

OCT 25 1977

MEMORANDUM FOR THE SECRETARY OF THE ARMY  
THE SECRETARY OF THE NAVY  
THE SECRETARY OF THE AIR FORCE  
THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF

SUBJECT: Improvements in the PPB System

Over the past five weeks, Charles Duncan and I have had a series of discussions concerning possible improvements in our Planning, Programming, and Budgeting System (PPBS). In addition to the addressees above, discussion has taken place with the Joint Chiefs of Staff, OSD staff, and offices outside of the Defense Department. You know that I wish to make certain changes in the PPBS to benefit from earlier Presidential involvement and to articulate Departmental guidance better before preparation of the POMs..

There is attached a tentative schedule for the new PPBS. We may well wish to change some of the dates as we work through the year but I hope we can avoid stretching the schedule, thus minimizing the overlap between consecutive PPBS cycles. The attached schedule summarizes the system described below.

The JCS have already submitted JSOP I for this cycle. The next event will be a series of meetings early next month, similar in format and attendance though not in purpose to the Service PDM reclama meetings. Charles and I will meet with each Service individually, and then with all together in a final meeting.

The purpose of these meetings is to give the Services, individually and collectively, an opportunity to give advice, make recommendations, and offer substantive input to the forthcoming Consolidated Guidance (CG). Though the revised PPBS is designed to afford the opportunity at several stages, I deem it important that one such opportunity be prior to the first draft of the document. The last thing I want to do is inhibit your initiative or innovation. I envision these meetings as an opportunity for you to present your proposals with respect to the CG and that a dialogue about them ensue between the Services and the Secretary of Defense.

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After your views have been heard and discussed, a preliminary CG will be drafted. This document will form the basis not only for the eventual preparation of your POMs, but also for additional dialogue between us -- and with the President -- on the most fundamental issues of the Defense program. It will consolidate the former Defense Guidance, the Planning and Programming Guidance, and the Fiscal Guidance into a single document. It will also contain the rationale underlying our Defense program. In addition to establishing TOA limits by Service, I also expect (as you are aware from our conversations) to establish certain additional constraints within those fiscal limits. However, I intend these constraints to be rational rather than arbitrary, decided by Charles Duncan and myself. Moreover, the number of programs and fenced areas covered in the CG will be limited. For example, I do not intend to "fence" each functional area (Strategic forces, Tactical Air Forces, etc.) as a matter of course, but only if I have some specific reason for so doing.

I will also draft a Study Plan (SP) for the coming year. This plan would be based on correcting the most important analytical deficiencies made apparent in the course of drafting the CG. The SP would make tentative assignments of responsibility for the various studies, some to be done by my staff, and some by yours.

Both the CG and the SP would be sent to you for comment. I believe the schedule allows adequate time for that, but I would welcome your ideas for reallocations among the scheduled blocks of time. The schedule will be tight, no matter how we set it forth. A submission that is six weeks late, for example, makes the whole process a shambles.

Following receipt of your comments and a revision of the JCS document on strategic objectives, I will review them, meet with you, and revise the CG and SP as necessary. The CG -- as the "Tentative Consolidated Guidance" -- will then be sent to the President for his review and approval. Following a meeting with the President, his views will be reflected in what will then become the CG, to serve as the basis for your preparation of the POMs. That preparation, and my review of the POMs, will be similar to the current system, except that the earlier work on the CG will, I hope, have simplified the issues and eased the process.

The new system next departs from the current one at the point at which I would have sent the APDMs to you. Before doing that, I will send the President a Status Report, with the POMs, PDMs, and APDMs as backup. The Status Report will highlight for him the main features of the POMs, as well as the major issues raised in my review and their outcome. It will also include a financial summary of those actions to date, and an estimate of the necessary size of the forthcoming budget "scrub".

After another meeting with the President, I will reflect his further guidance, immediately prior to preparation of the budget, through the vehicle of the APDM. It will then be sent to you, and the remainder of the process will be the same as it is now.

It is my belief that these revisions in the PPBS are improvements. I am aware that PPBS is an evolving system. Timing and procedures may have to be adjusted periodically, and we will make these changes as appropriate. I solicit your continued cooperation and support in our efforts to make these improvements.

*Harold Brown*

Attachment  
a/s

Copy to:  
Under Secretaries of Defense  
Assistant Secretaries of Defense  
General Counsel  
Assistants to the Secretary and Deputy  
Secretary of Defense  
Directors, Defense Agencies

MIO HAS DISTRIBUTED A COPY OF THIS  
ITEM TO EACH OF THE FOLLOWING:

MANAGEMENT INFORMATION OFFICE,  
INFORMATION RESEARCH UNIT,  
DOCUMENT CENTER

|                  |         |
|------------------|---------|
| Kassing          | Perin   |
| Powers (HHS/CWg) | DePoy   |
| Woods            | Nakhleh |
| Tyson            | Jehn    |
| Saine            | Corn    |
| Fitzwilliam      | Cohan   |
|                  | Mattson |

~~REVISED PPB SYSTEM~~

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March 1977 -- JSOP I

Nov 1

2 Weeks -- Services, CJCS meet with SecDef to suggest key features of CG

Nov 21

6 Weeks -- OSD prepares first draft of CG and SP, working with SecDef

Jan 3

1 Week -- SecDef review of first draft of CG and SP

Jan 10

1 Week -- OSD revises CG and SP. For Comment drafts sent to JCS and Services

Jan 17

4 Weeks -- JCS, Services review CG and SP, send Comments & JSOP II to SecDef

Feb 14

1 Week -- SecDef review of comments

Feb 21

1 Week -- Services meet with SecDef to discuss comments

Feb 28

1 Week -- OSD staff revises CG, SP. Tentative CG sent to President

Mar 7

2 Weeks -- President reviews Tentative CG, meets with SecDef, CJCS

Mar 21

1 Week -- OSD staff revises CG, SecDef sends CG to Services

Mar 28

8 Weeks -- Services prepare and submit POMs

May 23

4 Weeks -- OSD drafts Issue Papers, transmits for comment

Jun 20

1 Week -- Services, OMB, NSC review IPs, return comments to OSD

Jun 27

1 Week -- OSD staff revises IPs as necessary, sends to SecDef

Jul 5

2 Weeks -- SecDef reviews Issue Papers, meets with OSD staff to discuss

Jul 19

1 Week -- OSD staff drafts PDMs, SecDef sends to Services

Jul 25

2 Weeks -- Services review PDMs, send comments to SecDef

Aug 7

1 Week -- Service PDM reclama meetings with SecDef, CJCS

Aug 14

1 Week -- OSD staff prepares APDMs, Status Report sent to President

Aug 18

1 Week -- President reviews Status Report, meets with SecDef, CJCS

Aug 25

1 Week -- OSD staff revises APDM, SecDef sends to Services

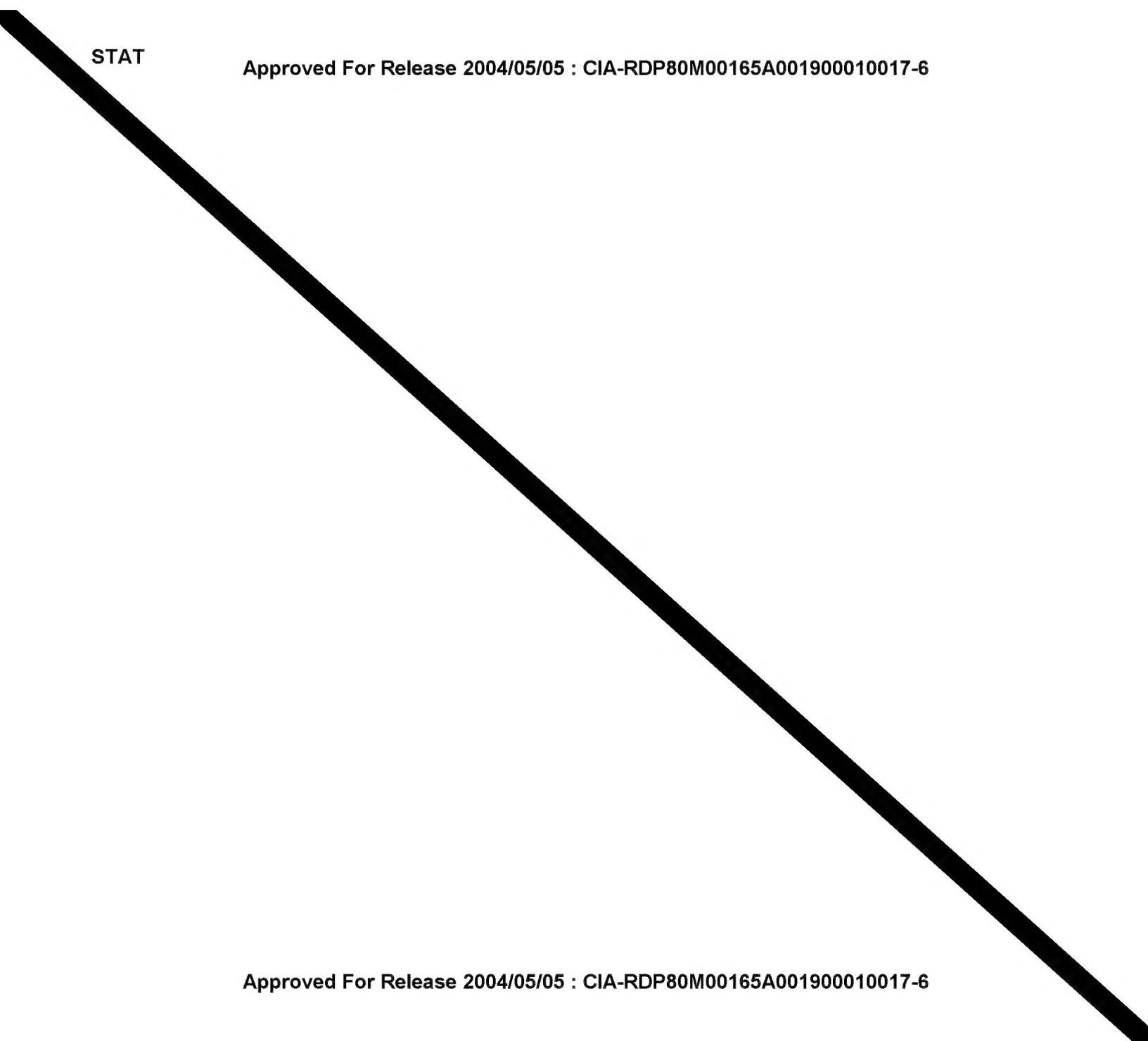
Sep 1

4 Weeks -- Services prepare and submit budget

Sep 29

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